

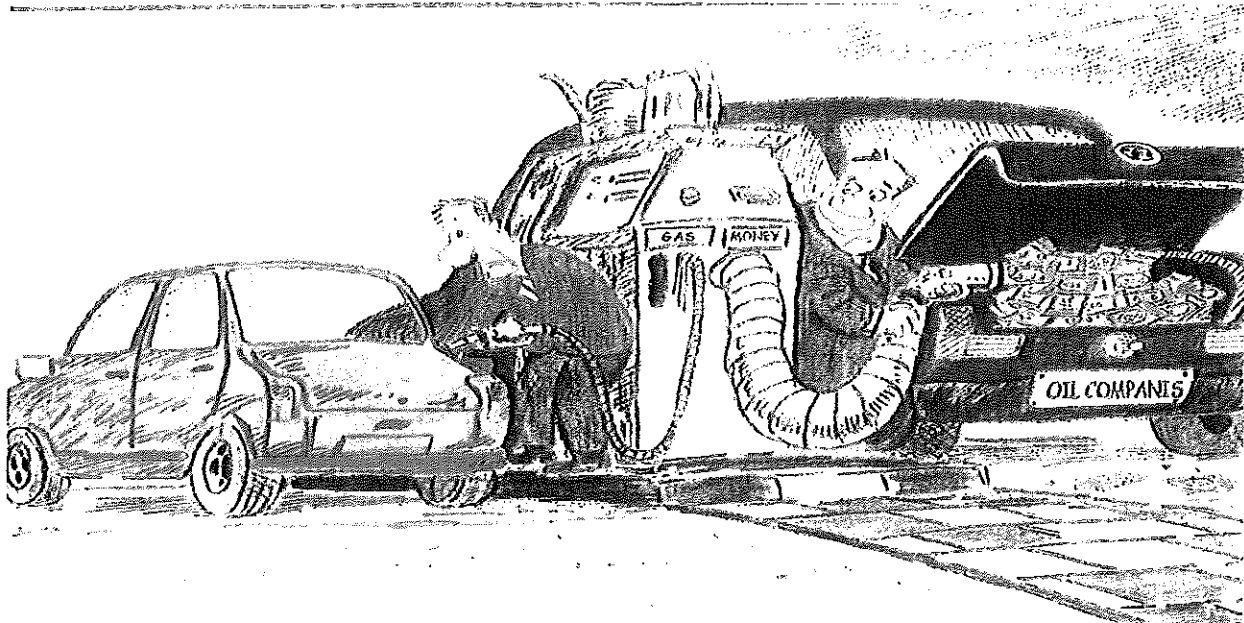


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*Our Members are responsible for selling over 60%
of gasoline sold annually in the State of Connecticut!*



***ENVIRONMENT COMMITTEE
PUBLIC HEARING***

***Testimony on Senate Bill 31 An Act Appropriating Funds to
the Underground Storage Tank Petroleum Clean-Up Account***

By Michael J. Fox, Executive Director

February 23, 2009

Good afternoon Senator Meyer and Representative Roy and members of the Environment Committee. My name is Michael Fox, the Executive Director of the Gasoline Retailers Association representing over 450 local service station owners who are responsible for pumping over 60% of all the gasoline sold in Connecticut.

We come before you today to support Senate Bill 31. I currently and have been a volunteer member of the Underground Tank Review Board. I drive over 180-miles round trip and all members of the board are volunteer's and received no payment for work performed by the board with the exception of State employees who are members and received full pay while attending meetings. Three other members of the board travel the same distance that I do and we do this because of the importance of this fund to the people we represent and the residents of Connecticut. The Gross Receipts Tax is the main funding mechanism for the Underground Tank Fund. Here are some frustrating numbers for our members and Connecticut residents regarding the fund. Since 1990, revenues generated through collection of taxes by the state have generated over \$2 Billion dollars. The Underground Tank Fund was the original purpose for the Gross Receipts Tax and has received approximately \$204 million. Approximately \$483 million went to the Special Transportation Fund and the General Fund has received over \$1.6 billion dollars since 1990.

In the case of the Underground Tank Fund, taxes have generated over \$2 Billions dollars, minimum state staff is used thereby reducing state cost and the rest of the board consists of industry and citizen volunteers. The problem as we see it, this program works, but taxes were increased and the fund was raider to support something other than the intended us of the

tax to the tune of \$1.6 billion dollars. Because of the tough times we face today, we should not eliminate funding for something that has served the state so well. In addition, if the fund were eliminated or not funded, all service stations in Connecticut would be required by federal law to obtain underground tanks insurance.

As part of the DEP task force a meeting with insurance industry representatives made it was clear that getting tank insurance for existing tanks was a problem. While for leaks going forward insurance might cover those leaks, it was also clear that past contamination would be a problem. Not one underground tank that is in place today, at a service station, a municipal or state garage or contractor or car dealer has a zero level of contamination so going forward, how does one determine what was there and what is new. This provides an excuse for the insurance industry to deny coverage at a very critical time.

The state has taxed our industry over \$2 billion dollars and diverted \$1.6 Billion for other than intended purposes, it would be unconceivable that this burden would now shift back to the overtaxed business owner. The price of gasoline would skyrocket to cover this additional cost and many small business owners who just purchased their stations would face bankruptcy!

In the last five years, over 300 individual station owners have purchased their locations from the major oil companies. Mid-sized, family owned and operated distributors purchased those locations that were not purchased by the station owner. While most are in a better financial situation than the average individual station owner, not funding the clean-up account would have a huge negative impact for them as well. Thank you and I will answer any questions you may have!